

20 October 1954

MEMORANDUM FOR RECORD

SUBJECT: Achievements of the Intelligence Working Group (IWG)
During the Period July 1953-June 1954 in Improving
the Collection and Production of Intelligence

The IWG mission has been "to develop and furnish intelligence to the ERAC for policy making and operations in the economic defense field" "and to develop closer continuous relationships among the operational, policy-formulation, and intelligence-research elements engaged in the economic defense program." During the past year, the IWG continued to provide the sole interagency forum where the action agencies engaged in the economic defense program meet with representatives of CIA, ONI, AFOIN, G-2 and CIR/State to mobilize the intelligence resources of the Government for the support of the economic defense program. CIA provides the Chairman and Secretariat of the IWG.

Under its mission of mobilizing the intelligence resources and data of the Government for economic defense purposes, the IWG prepared an IWG Commodity Analysis Checklist to be used as a guide in preparing intelligence contributions required for determining the significance of specific commodities to the Soviet war potential; adopted new procedures for the production and coordination of commodity studies; and endeavored to elicit more adequate intelligence on military uses of commodities in connection with the recent comprehensive review of the international security lists. An exhaustive examination was made of the need for intelligence in the U.S. Government on external financial operations of the Soviet bloc. In connection with the security list review, the IWG provided the principal support channel to the Joint Operating Committee prior to the acceleration of the list review. Discussions

in the IAG, together with papers on various facets of the Soviet trade problem prepared in State, Treasury and MDAC, served as the basis of a paper prepared by MDAC for submission to COMCON pursuant to the Consultative Group [REDACTED] agreement to discuss Soviet trade trends and tactics.

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In response to recommendations of the IAG that an intelligence unit should be organized in CIA to provide intelligence for the implementation and enforcement of free world economic defense measures, a Strategic Trade Branch was established and was actively engaged during the past year. Over 600 transactions cases and surveillances, the strategic significance of which had been established, were selected for action.

During the year, responsibility for production of IAG studies fell principally on CIA. Of the eighteen studies completed during this period, CIA initiated and completed 14.

The IAG renewed its efforts to establish a comprehensive pattern of U.S. Government requirements for the covert collection of economic defense information. Proposed instructions for lateral dissemination of East-West trade information in the field were prepared under IAG auspices. On recommendation by the IAG, steps were taken by action agencies to exploit accumulated sensorship material [REDACTED] for the purpose of extracting pertinent information on diversions of strategic commodities to Soviet destinations. In its annual report to IAC, the IAG called attention to the urgent need for improved intelligence collection to provide the information required for implement NSC 152/3. In this report, the IAG also suggested the value of advance consideration by the intelligence community as to the intelligence support for economic warfare which would be required in the event of war.